

BOSTON GAS COMPANY, COLONIAL GAS COMPANY,
AND ESSEX GAS COMPANY D/B/A/ KEYSpan ENERGY DELIVERY

D.T.E. 04-9

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
BOSTON GAS COMPANY, COLONIAL GAS COMPANY,
AND ESSEX GAS COMPANY D/B/A/ KEYSpan ENERGY DELIVERY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Boston Gas Company, Colonial Gas Company, and Essex Gas Company, d/b/a/ Keyspan Energy Delivery New England (“Keyspan” or “Company”) the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and with all parties; also submit one (1) copies of the responses to John J. Geary, Hearing Officer, one (1) copy of the responses to Andreas Thanos, Assistant Director, Gas Division; one (1) copy of the responses to Alexander Kofitse, Analyst, Gas Division; one (1) copy of the responses to Marilyn Ross, Analyst, Gas Division; and one (1) copy of the responses to Kenneth Dell Orto, Analyst, Gas Division.
8. All non-proprietary responses should be submitted by e-mail to dte.efiling@state.ma.us and to the e-mail address of any party required to be served.
9. Responses are due by the close of business (5:00 p.m.) Monday, May 10, 2004.

INFORMATION REQUESTS

DTE 1-1 Please refer to the Company’s filing at 1.

- (a) Explain the nature of the advisory services that Entergy-Koch Trading, LP (“Entergy-Koch” or “EKT”) would provide to the Company if, after the initial term of the agreement, the Company decides to convert the agreement to a structure whereby the Company, rather than EKT, would manage the resource portfolio and purchase the required city gate supplies for its sales customers;
- (b) Explain the benefits to sales customers of EKT’s advisory services if the Company decides to exercise this option; and

- (c) Indicate how much EKT's advisory services would cost the Company's sales customers if the Company decides to exercise this option.
- DTE 1-2 Refer to the Company's filing at 3. Please explain what the Company means by the statement: "[t]he initial bid evaluation indicated that EKT, although its bid was non-conforming, was the clear front-runner."
- DTE 1-3 Refer to the Company's filing at 2. Please explain how the Company selected the potential bidders or wholesale marketers who were issued the request for proposals ("RFP").
- DTE 1-4 Refer to the Company's filing at 2-3. Please indicate whether any bidders, potential bidders, or wholesale marketers objected to the RFP process regarding its fairness, openness, and transparency. If any objections were received explain how the Company resolved them.
- DTE 1-5 Refer to the Company's filing at 3. Please explain whether EKT defaulted in a gas resource portfolio management and/or a gas sales agreement with any other party in the past 10 years. Also, provide a list detailing EKT's gas resource portfolio management and gas sales experience in the past 10 years.
- DTE 1-6 Please refer to the Company's filing at 3, n.4. KeySpan states that the Company and EKT "are currently in discussions regarding the structure of the agreement for the period April 1, 2004 through March 31, 2006."
 - (a) When will KeySpan and EKT complete the discussions regarding the structure of the agreement for the period April 1, 2004 through March 31, 2006?
 - (b) Will the Company submit the agreement for the period April 1, 2004 through March 31, 2006 to the Department for review after it has finalized discussions with EKT?
- DTE 1-7 Refer to the Company's filing at 5. Please explain the conditions under which "EKT may be allowed access to KeySpan resources not part of the Resource Portfolio, such as downstream peak shaving assets, for additional management."
- DTE 1-8 Refer to the Company's filing at 6. Please explain EKT's role, if any, in KeySpan's future resource acquisitions during the term of the agreement.
- DTE 1-9 Please refer to the Company's filing at 7.

- (a) Provide the economic analysis that the Company has done to show that the portfolio-management fee that EKT will pay to KeySpan under the agreement is not likely to fall short of the level of capacity mitigation revenues historically generated by the Company.
 - (b) How will the Company protect customers from any losses under the agreement, if the portfolio-management fee that EKT will pay to KeySpan is less than the level of capacity mitigation revenues historically generated by the Company.
- DTE 1-10 Please refer to the Company's filing, Att. A ("Request For Proposals"). What was the total cost of conducting the RFP process, including any contracting costs associated with the EKT agreement? Did KeySpan include these costs in its economic analysis?
- DTE 1-11 Please refer to the Company's filing at 9-10.
 - (a) Outline KeySpan's portfolio objectives in the Company's most recent forecast and supply plan submitted to the Department.
 - (b) Indicate how the Agreement is consistent with the public interest in terms of ensuring the (1) flexibility of nominations, and (2) reliability and diversity of supplies.
- DTE 1-12 Please refer to the Company's filing, Att. A. What percentage of KeySpan's total peak and off-peak gas supply will EKT take control of under the agreement?
- DTE 1-13. How familiar are KeySpan staff-members with the gas resource portfolio management strategies that EKT will execute under this agreement? In your response, clearly indicate the depth of understanding that KeySpan has regarding the gas resource portfolio management strategies that may take place through EKT.
- DTE 1-14. Please refer to the Company's filing, Att. A ("Supply Contracts"). In relation to KeySpan's resource portfolio, please discuss how the Company's gas supply from western and eastern Canada under this agreement compares with its domestic gas supply in terms of cost, diversity, and stability.